

Appendices

Management's Response to the Independent Auditor's Report

U.S. Department of Homeland Security
Washington, DC 20528



MEMORANDUM FOR CLARK KENT ERVIN
INSPECTOR GENERAL

November 18, 2004

FROM: Andrew Maner
Chief Financial Officer

SUBJECT: Management Response – Independent Auditor's Report on the Department of Homeland Security
Fiscal Year 2004 Financial Statements

On behalf of Secretary Ridge, I am responding to the Independent Auditor's Report on the Department's fiscal year 2004 financial statements included in the Department's fiscal year 2004 *Performance and Accountability Report*.

We appreciate your efforts to audit the Department's fiscal year 2004 financial statements and provide relevant and objective recommendations on how our office can improve the Department's financial reporting practices including those at several of the components. Our second year of operation has been very challenging with the tri-bureau issues and the reassignment of the legacy agencies accounting functions to U.S. Immigration and Customs Enforcement. All of the Department's organizational elements are to be commended for their participation in this effort. Moreover, the accompanying report of your auditors would not have been possible without your office's professional assistance, technical expertise and commitment.

We concur with the ten reportable conditions that are considered to be material weaknesses as well as three other reportable conditions contained in the auditor's report. Corrective actions will be prepared to address these as well as other inherited weaknesses that were still identified in the auditor's report. We will provide your office with new or updated action plans, as appropriate, to correct these conditions. As you are well aware, some of these conditions can take several years to correct. The affected Department organizational elements will continue to focus on and strive to improve their efforts to address the conditions and noncompliance issues contained in the auditor's report.

The ability of my office to produce financial statements and the ability of your staff to carry out the audit provide clear evidence of the professional, cooperative working relationship between our staffs. I am confident that these effective relationships and partnerships will result in recognizable and measurable improvements and efficiencies in our respective reporting and auditing practices.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Maner".

Andrew Maner
Chief Financial Officer